

Message Text

CONFIDENTIAL

PAGE 01 LONDON 09640 01 OF 03 211835Z

44

ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ADP-00 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 GSA-02 L-03 H-03 INT-08 IO-13 PRS-01

RSR-01 /202 W

----- 012761

R 211734Z AUG 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3490

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY KINSHASA

AMEMBASSY KUALA LUMPUR

AMEMBASSY JAKARTA

AMEMBASSY LA PAZ

AMEMBASSY LAGOS

USMISSION EC BRUSSELS

CONFIDENTIAL SECTION 01 OF 03 LONDON 09640

E.O. 11652: GDS

TAGS: EMIN, ECON

SUBJECT: TIN: PROPOSED DISPOSAL PROGRAM

REF: (A) LONDON 9183, (B) LONDON 9413

1. H. W. ALLEN, EXECUTIVE CHAIRMAN, INTERNATIONAL TIN COUNCIL, DELIVERED LETTER ADDRESSED TO SECRETARY OF STATE AT EMBASSY AUGUST 21. IN BRIEF, LETTER ASKS FOR CLARIFICATION ON THREE POINTS.

(A) REASON FOR INCREASE IN TIN DISPOSAL PROGRAM FROM 5,000 TONS TO 17,000 TONS FOR FIRST SIX MONTHS OF FY-74.

(B) REASON FOR SALE OF INITIAL 5,000 TONS AT PRICE WELL CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 09640 01 OF 03 211835Z

BELOW MARKET PRICE IN USA AND LONDON.

(C) WHETHER U.S. WOULD AGREE TO DEFERMENT OF FINAL DECISION ABOUT RESUMPTION OF DISPOSALS UNTIL AFTER NEXT SESSION OF TIN COUNCIL BEGINNING SEPTEMBER 18.

2. WE DID NOT COMMENT ON SUBSTANCE OF QUESTIONS BUT AGREED TRANSMIT TEXT OF LETTER TO DEPARTMENT SOONEST.

3. IN DISCUSSION ALLEN SAID HE WISHED TO CONVEY IMPRESSION THAT BUFFER STOCK MANAGER HAD INTERVENED IN MARKET IN PAST WEEKS AND FURTHER IMPRESSION THAT BETWEEN NOW AND THE BEGINNING OF COUNCIL MEETING BUFFER STOCK MANAGER WOULD ALMOST CERTAINLY INTERVENE IN MARKET AGAIN. ALLEN SAID HE WISHED TO LEAVE THIS IMPRESSION IN ORDER TO COUNTER FEELING HE HAD DETECTED THAT U.S. BELIEVED BUFFER STOCK MANAGER HAD BEEN DOING NOTHING.

4. TEXT OF LETTER TO SECSTATE FOLLOWS. IT IS ACCCOMPANIED BY COVERING LETTER TO EMBASSY OFFICER REFERING TO INITIAL DISCUSSION OF ENLARGED DISPOSAL PROGRAM (LONDON 9183), AND NOTING THAT THIS LETTER IS TIN COUNCIL'S WORKING PARTY ON GSA DISPOSALS INITIAL RESPONSE ON BEHALF OF TIN COUNCIL. ORIGINAL TRANSMITTED BY AIRGRAM.

BEGIN TEXT -

SIR

I REFER TO THE ADVICE TRANSMITTED BY THE UNITED STATES EMBASSY IN LONDON ON 9 AUGUST 1973 THAT THE UNITED STATES GOVERNMENT HAD UNDER CONSIDERATION OFFERING FOR DISPOSAL DURING THE REMAINDER OF 1973 A FURTHER 12,000 LONG TONS OF TIN FROM THE SURPLUS STOCKPILE OVER AND ABOVE THE 6,500 TONS ALREADY SOLD; THAT THE QUANTITY OF TIN FOR DISPOSAL FOR WHICH CONGRESSIONAL AUTHORITY ALREADY EXISTS HAS BEEN ADJUSTED UPWARDS; AND THAT THE PERIOD IN WHICH CONSULTATIONS ON THE PROPOSED RENEWAL OF THE DISPOSAL PROGRAMME MAY TAKE PLACE IS LIMITED TO 10
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LONDON 09640 01 OF 03 211835Z

WORKING DAYS FROM 8 AUGUST.

THE COUNCIL'S WORKING PARTY ON GSA DISPOSALS HAS CONSIDERED THE FOREGOING ADVICE AND HAS ASKED ME TO CONVEY TO YOU AN INITIAL RESPONSE ON BEHALF OF THE COUNCIL.

THE COUNCIL WAS INFORMED, IN THE COURSE OF THE

CONSULTATIONS EARLIER THIS YEAR, THAT THE TOTAL AMOUNT FOR WHICH CONGRESSIONAL AUTHORITY EXISTED WAS 18,521 TONS; IT IS NOW UNDERSTOOD THAT THE LATEST INTERPRETATION OF EXISTING LEGISLATION IS THAT THE FIGURE IS 49,897 LONG TONS, OF WHICH 6,500 LONGTONS HAVE BEEN SOLD. IT WILL BE APPRECIATED THAT THIS CHANGE FUNDAMENTALLY AFFECTS THE COUNCIL'S PREVIOUS ASSESSMENT OF THE DISPOSAL PROGRAMME.

THE ANNOUNCEMENT BY THE ACTING ADMINISTRATOR OF GSA

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LONDON 09640 02 OF 03 211836Z

44
ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ADP-00 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 GSA-02 L-03 H-03 INT-08 IO-13 PRS-01

RSR-01 /202 W
----- 012768

R 211734Z AUG 73
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 3491
INFO AMEMBASSY BANGKOK
AMEMBASSY CANBERRA
AMEMBASSY KINSHASA
AMEMBASSY KUALA LUMPUR
AMEMBASSY JAKARTA
AMEMBASSY LA PAZ
AMEMBASSY LAGOS
USMISSION EC BRUSSELS

CONFIDENTIAL SECTION 02 OF 03 LONDON 09640

DATED 6 JUNE 1973 STATED THAT, DURING THE PERIOD 1 JULY 1973 TO 31 DECEMBER 1973, "NO MORE THAN 5,000 LONG TONS

WILL BE SOLD THROUGH MONTHLY SALES AVERAGING 830 LONG TONS". THIS STATEMENT WAS TAKEN BY THE MARKET TO MEAN THAT GSA HAD FIRMLY DECIDED ON A LIMIT TO THE DISPOSAL QUANTITY IN THAT PERIOD. THE ANNOUNCEMENT ALSO STATED THAT DISPOSALS WOULD BE "CONDUCTED IN AN ORDERLY WAY SO AS TO MINIMISE EFFECTS ON WORLD TIN MARKET PRICES AND THE ORDERLY CONDUCT OF WORLD TIN MARKETS". IN PRACTICE THE SALES MADE DURING JUNE AND JULY BY GSA WERE NOT CONSISTENT WITH MARKET PRICES. A LARGE PROPORTION OF TIN SOLD WAS AT A FROZEN PRICE WELL BELOW THE MARKET PRICE BOTH IN USA AND LONDON.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 09640 02 OF 03 211836Z

THE COUNCIL WOULD APPRECIATE CLARIFICATION BY THE UNITED STATES AUTHORITIES OF THE ASPECTS OF THE DISPOSALS PROGRAMME REFERRED TO IN THE PRECEDING TWO PARAGRAPHS.

THE COUNCIL APPRECIATES THAT THE UNITED STATES HAS EXPRESSED CONCERN ABOUT THE RISING PRICE OF TIN WITHIN THE UNITED STATES AND IN THE PAST HAS REFRAINED FROM SELLING WHEN THE MARKET WAS WEAK. WHEN THE COUNCIL HAD DISCUSSIONS WITH THE UNITED STATES AUTHORITIES EARLIER THIS YEAR, CONCERN WAS EXPRESSED THAT RESUMPTION OF DISPOSAL COULD DISRUPT THE MARKET WHILST THE COUNCIL WAS OBLIGED TO RESTRICT EXPORTS FROM PRODUCING COUNTRIES. ALTHOUGH THE DECISION OF THE USA TO LIMIT SALES TO 5,000 TONS IN THE INITIAL SIX MONTHS PERIOD DID NOT CONFORM TO THE COUNCIL'S STATED VIEW IT DID MUCH TO ALLEVIATE THE COUNCIL'S CONCERN IN THIS RESPECT, AND THE MARKET HAS CONTINUED TO STRENGTHEN DESPITE THE GSA RELEASES.

HOWEVER, THE STRENGTHENING OF THE MARKET HAS BEEN CAUSED BY FACTORS WHICH WERE NOT FORESEEABLE AT THE TIME OF OUR EARLIER TALKS. THERE HAS BEEN A GENERAL MOVEMENT UPWARDS IN THE PRICES OF COMMODITIES ON INTERNATIONAL MARKETS, DUE TO VARIOUS FACTORS INCLUDING SPECULATIVE MOVEMENTS IN INTERNATIONAL CURRENCY MARKETS. ALTHOUGH THE PRICE OF TIN HAS Risen ON THE WORLD MARKETS, ITS ADVANCE HAS NOT BEEN AS SPECTACULAR AS THAT OF MANY OTHER PRIMARY COMMODITIES AND THE MARKET PRICE OF TIN HAS REMAINED WITHIN THE COUNCIL'S PRICE RANGE. IT WILL BE APPRECIATED THAT UNDER THE PROVISIONS OF THE INTERNATIONAL TIN AGREEMENT THE COUNCIL ITSELF HAS OBLIGATIONS TOWARDS RISING PRICES WITHIN ITS PRICE RANGE AND THE PRICE IS CURRENTLY WITHIN THE AREA WHERE THE BUFFER STOCK MANAGER HAS AUTHORITY TO SELL TIN.

A FURTHER FACTOR AFFECTING THE TIN MARKET WAS THE

UNEXPECTED ANNOUNCEMENT OF THE LIQUIDATION OF THE
COMPANY WILLIAMS HARVEY LTD., OWNERS OF THE KIRKBY
SMELTER IN THE UNITED KINGDOM, WHICH HAS IN THE PAST BEEN
RELYING UPON TIN CONCENTRATES FROM BOLIVIA FOR ITS RAW
MATERIALS. THE CONSEQUENT INTERFERENCE WITH THE FLOW OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LONDON 09640 02 OF 03 211836Z

TIN IN THE PIPELINE FROM BOLIVIA AND OTHER SUPPLIERS OF
TIN CONCENTRATES TO THE MARKET HAS CONTRIBUTED TO
SCARCITY OF TIN IN SOME QUARTERS. THE RESTORATION OF
NORMAL FLOWS OF TIN UNDER NEW SMELTING ARRANGEMENTS
COULD ADVERSELY AFFECT THE MARKET.

THE COUNCIL HAS NOT FOUND IT POSSIBLE TO FORMULATE
A CONSIDERED VIEW OF THE CURRENT PRO^P

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LONDON 09640 03 OF 03 211835Z

44
ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ADP-00 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 GSA-02 L-03 H-03 INT-08 IO-13 PRS-01

RSR-01 /202 W
----- 012789

R 211734Z AUG 73
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 3492
INFO AMEMBASSY BANGKOK
AMEMBASSY CANBERRA
AMEMBASSY KINSHASA
AMEMBASSY KUALA LUMPUR

AMEMBASSY JAKARTA
AMEMBASSY LA PAZ
AMEMBASSY LAGOS
USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 03 OF 03 LONDON 09640

GOVERNMENT WITHIN THE PRESCRIBED 10 DAY PERIOD. IN VIEW OF THE IMPORTANT IMPLICATIONS OF THE INFORMATION NOW PROVIDED BY THE UNITED STATES IT IS CONSIDERED THAT THE COUNCIL NEEDS MORE TIME IN WHICH TO STUDY THEM. THE COUNCIL'S TENTH SESSION IS SCHEDULED TO COMMENCE ON 18 SEPTEMBER; AT THAT SESSION THE COUNCIL WILL MAKE A FULL REVIEW OF THE MARKET AND STATISTICAL POSITION AND ALSO WILL HAVE UNDER CONSIDERATION QUESTIONS RELATING TO ITS OWN OPERATIONS, INCLUDING THE CONTINUANCE OR OTHERWISE OF EXPORT CONTROL. IT WOULD ENABLE THE COUNCIL TO REACH A MORE CONSIDERED VIEW IF THE OPPORTUNITY WERE AVAILABLE TO CONSIDER THE UNITED STATES PROPOSALS IN THE TOTAL CONTEXT OF THE MATTERS BEFORE THE COUNCIL AT ITS TENTH SESSION.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 09640 03 OF 03 211835Z

I AM AUTHORIZED TO CONVEY TO YOU THE WISH OF THE COUNCIL THAT YOUR GOVERNMENT DEFER A DECISION ABOUT IMMEDIATE RESUMPTION OF DISPOSALS UNTIL THE COUNCIL IN FULL SESSION HAS HAD THE OPPORTUNITY TO EXAMINE THOSE PROPOSALS. YOURS FAITHFULLY, (H.W. ALLEN), EXECUTIVE CHAIRMAN.

END TEXT

SOHM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 21 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LONDON09640
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS SOHM
Errors: N/A
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730825/aaaaasjh.tel
Line Count: 314
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) LONDON 9183, (B) LONDON 9413
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 20 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20-Jul-2001 by worrelsw>; APPROVED <21-Dec-2001 by hilburpw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TIN: PROPOSED DISPOSAL PROGRAM
TAGS: EMIN, ECON
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005